

Item #4

Update on Federal Climate Change Bill

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Climate Change Committee

Jill Whynot, Director of Strategic Initiatives
South Coast Air Quality Management District





The American Power Act

- Lieberman/Kerry
- Released May 12, 2010
- Comprehensive climate, energy bill



Major Titles

I. Domestic Clean Energy Development

- Nuclear power
- Offshore oil & gas
- Coal & CCS
- RE & EE
- Clean Transportation
- Energy Research & Development



Major Titles (cont'd)

II. Global Warming Pollutant Reduction

- Cap & trade program
- Hydrocarbons
- Black carbon
- International methane

III. Consumer Protection

- Low-carbon & EE
- Relief



Major Titles (cont'd)

IV. Job Protection & Growth

- Clean technology career development
- Transportation
- Agriculture
- Information & technology

V. International Climate Change Activities

VI. Community Protection from Global Warming Impacts

VII. Budgetary Effects



Cap-and-Trade (Similar to Previous Proposals)

- Covers same 6 GHGs & sources (large industrial facilities, electricity & fuel providers, NF3)
- Same reduction rate for 2020, 2030, 2050 (less for 2013)
- Annual compliance – surrender allowance for each MT CO₂E emitted
- Quarterly auctions



Cap-and-Trade (Similar to Previous Proposals)

- Mostly free allowance distribution (CCS, EE, RE, clean vehicle technology, deficit reductions)
- Liberal use of offsets
 - 2 BT/yr: $\frac{3}{4}$ domestic & $\frac{1}{4}$ international
 - 1:1 ratio domestic, 1.25:1 ratio international after 2018
- Same penalty structure (tons x twice market value & make up deficit following year)



Cap-and-Trade

(Different than Previous Proposals)

- Full pre-emption of state or multi-state cap-and-trade programs
- Quarterly compliance period for refiners
- Starts 2013 (not 2012), industrial facilities & natural gas in 2016, less reductions for 1st stage
- Allowance distribution (added)
 - Disproportionately impacted individuals, all people
 - Trade exposed industries, refiners



Cap-and-Trade

(Different than Previous Proposals)

- Unlimited banking may change in future
- Price for auctions higher, increases over time
- Maximum amount can borrow or buy from Reserve = 15% of needs, each



SCAQMD Recommendations Included in Cap-and-Trade

- Ratio higher for international offsets
- Role for local agencies (audit)
- Recognition of early offsets possible (Rule 2701)
- Revenue to help disproportionately impacted individuals